



CALPEEK

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THE QUACKENBUSH CHRONICLES: "Q" RESIGNS.

Editor's note: As Calpeek was nearing deadline, Calif. Insurance Comm. Chuck Quackenbush(R) resigned his office. Here's our brief update, analysis & commentary...

...If you look back to the first story written by Virginia Ellis of the *L.A. Times* on March 26th, it's been about 90 days from the start of this controversy until Commissioner Q submitted his resignation. No reason to rehash the whole story about Comm. Q's questionable actions in letting insurance companies escape massive fines for mishandling claims arising out of the 1994 Northridge earthquake. Instead of \$3 billion in fines, the companies contributed around \$12 million to foundations set up and run out of the DOI by Q and his deputies - with the funds never going to earthquake victims. Millions of dollars in foundation money made its way onto tv, in the form of PSAs featuring Q himself. It was nothing more than political self-promotion...

...Q's terse resignation letter was addressed to SOS Bill Jones, Gov. Gray Davis, Assembly Speaker Bob Hertzberg and Senate PPT John Burton. The letter read: *I hereby resign my position as Insurance Commissioner of the State of California effective July 10, 2000. Sincerely...*

...And although there was just some doubt, not much, about Q's participation in running the foundations, the June 26th testimony before the Assembly Insurance Cmt. by DOI attorney Robert Hagedorn was the straw which broke Q's back. Hagedorn said he was told to reach settlements with various title insurance companies because Commissioner Q needed \$4 million for a tv media buy. This refuted previous testimony by Q and left Q without any support among GOP lawmakers. In fact, our sources say that on Tuesday, June 27th, while Q's lawyers were trying to make a deal for the commissioner's resignation, the GOP Assembly Caucus sent Q a letter telling him to resign or face impeachment. No way to tell just yet if there was a deal made, but initial reports say no, because Q had nothing to trade...

...It's all very sad because Quackenbush might have been able to move up the political ladder had he played it straight

by truly aiding quake victims. No word on what AG Bill Lockyer(D) plans, but his DOJ has been conducting its own criminal and civil probe into Q's DOI activities...

...Many parts of this story have yet to unfold. For example, what kind of collateral damage has been done to some of Q's key political and PR consultants? What will happen to Q's key deputies at the DOI? And who might replace Q as Insurance Commissioner? According to our sources, Davis can appoint anyone he wants, including a sitting member of the Legislature. Some new names have surfaced, including 3 former Demo assemblymembers: Lloyd Connelly, Phil Isenberg and Burt Margolin. Among current members of the Legislature, Calpeek has already mentioned State Sen. Patrick Johnston(D-Stockton). But there's also Assemblyman Rod Wright(D-L.A.) or perhaps Assemblyman Tom Calderon(D-L.A.). And although she's planning to run for IC in 2002, State Sen. Jackie Speier(D-San Mateo) may not be on Davis' short list. Confirmation takes a majority vote by both houses of the Legislature. Stay tuned...

CALPEEK ON VACATION: TIME FOR SOME R&R

Haven't taken a break so far this year and now that it's summer, we're taking our first week of vacation so we can enjoy a long 4th of July week. And we'll be on vacation the week of July 17th as well. So don't look for newsletters the weeks of July 10th and July 24th. Here's wishing all Calpeek readers a safe and happy Independence Day...

CAMPAIGN 2000: PUBLIC POed OVER L.A. COUNCIL DECISION TO RE\$CUE THE DEMO HOST COMMITTEE

Editor's note: What happens when you mix volatile L.A. City politics with Democratic politics? Answer: a political *brouhaha* that won't go away and threatens to disrupt this summer's DNC presidential convention in L.A. Here's our analysis & commentary about the deal to bail out the L.A. host committee to the tune of **\$4 million** in public funds...

...While it's true that the DNC convention in L.A. at Staples Center from Aug. 14th to 17th will generate some \$132 million for the local economy, when L.A. Mayor Richard Rior-

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dan & Company (aka *L.A. Convention 2000*) went to pitch the DNC about holding the convention in L.A., they also promised L.A. residents that with the exception of providing police and other services, there would be **no other public funds** given to the DNC by the city --- all the funds needed to pay the DNC would be raised by the host committee. Well fundraising by the host committee fell way short and on June 23rd the L.A. City Council, on a 8-5 vote, agreed to fork over \$4 million to bail out the host committee. Reaction is still coming in and L.A. City residents – and voters – don't like it one bit. And there's no doubt this vote will come back to bite some of those who sided with Mayor Riordan...

...Opposition to the bailout was led by Councilman Joel Wachs, who is a leading contender for mayor in 2001. He was joined by Laura Chick, who is running for city controller in 2001; Michael Feuer, who is running for city attorney next year; Rudy Svorinich, who is running for the State Assembly this year; and by Cindy Miscikowski, who faces voters for reelection in 2001. These were the councilmembers who made the right political decision and didn't fold when the pressure was on...

...But there's more to this story. Those who favored the bailout had 7 votes and needed Jackie Goldberg's support to win a majority. Goldberg saw a perfect opportunity to do two things: stick it to Mayor Riordan (by amending this council action to force Riordan and Ed Roski to cash in their letters of credit to the Demos - \$1 million each) and to have the council designate historic Pershing Square as an official protest site for the convention. In other words, as one Cal-peek source said, "Common sense got flushed down the toilet when Goldberg threw Pershing Square into the mix."...

...Although the council action passed June 23rd, cooler heads who voted for the deal are now having second thoughts about Pershing Square, probably caused by pressure from DNC and Gore operatives here in L.A. The police and downtown business interests are up in arms and they see a potential security nightmare should the council not back away from this part of the deal. Pershing Square is right across the street from the Biltmore Hotel, where many DNC officials and Gore's campaign are supposed to be staying. Can you imagine the security problems for the LAPD and the Secret Service with 5,000 demonstrators across the street? And don't think for a minute that all the demonstrators will be there to make noise or block traffic. You'd better believe that there will be some business-trashing anarchists there too, just like in Seattle, whose intent is to turn Pershing Square into Tiananmen Square II – not 1st Amendment Square as Goldberg first proposed. It could be a disaster!!!

...FYI: When the L.A. City Council voted to give \$4 million

to the L.A. host committee (and then to the DNC), this action cut the legs out from under city negotiators who were bargaining with the L.A. Police Protective League on a new contract. It's tough to say NO to cops when you're giving away \$4 million bucks to the DNC. Stay tuned...

CAMPAIGN 2000: CALIFORNIA INITIATIVE UPDATE.
Editor's note: The 5th and final initiative has qualified for Calif.'s Nov. 7th ballot.

◆ As forecast last week, *the Schools Facilities. 55% Local Vote. Bonds, Taxes. Accountability Requirements* constitutional amendment has qualified for the ballot. Even before it was OKed by the Calif. SOS's office, the organizing group – *Taxpayers for Accountability & Better Schools*, held a news conference to announce that Gov. Gray Davis (D) would serve as chair of the campaign and former Gov. Pete Wilson (R) would be the honorary chair. Unlike Prop. 26, the new initiative has a threshold requirement for passage of local bonds is **55% - not 50%** as was the case in 26. The YES side now has a website: www.betterschoolsforCA.org...

◆ The anti-Voucher campaign is underway, with Gov. Gray Davis (D) giving his *full* support to the campaign to defeat Tim Draper's initiative. Even though relations between Davis and the CA Teachers Assn. (CTA) have been strained (because of the March fiasco on Prop. 26), Gale Kaufman, lead consultant for the NO side, made sure Davis was onboard the NO effort. No mix ups, as sources say Kaufman worked through Davis communications director Phil Trounstin to line everything up. The website for the NO on Vouchers campaign is www.novouchers2000.com... Stay tuned...

CALIF.'S BLANKET PRIMARY LAW IS DECLARED UN-CONSTITUTIONAL IN U.S. SUPREME COURT RULING.
Editor's note: The U.S. Supreme Court's 7-to-2 ruling June 26th against Calif.'s open primary law *wasn't a shock*. You could tell by the tone of the questions during the earlier oral argument phase that the Justices were leaning *against* this popular law which allowed voters to cross party lines in Calif.'s primary. Here is our analysis & commentary...

...Although the news media tagged Prop. 198 the "open primary" initiative, the correct name is *blanket primary*. It permitted voters to jump back & forth, from race to race, in casting ballots for whichever candidates they wanted, regardless of political party. In a true *open primary*, which some 20 other states allow, voters goes to the polls and requests a ballot of one particular party, regardless of what party the voter may belong to. But that voter must then stick with that particular party primary ballot from top to bottom. No jumping back and forth. The court *didn't* rule against this type

of primary and there are some who think Calif. will eventually move in this direction...

...**Winners & Losers.** The CDP and CRP who were the key players in the lawsuit were the big winners, along with those who believe in a strong, two-party system in American politics. The legal team was headed by Olson, Hagel, Waters & Fishburn. Other big winners: former CDP Chair Bill Press and former CRP Chair John Herrington. Although both party leaders formed an uneasy alliance for the March 1996 primary election under the banner of the Calif. Coalition for Fair Elections, aside from a 3-4 city news conference to grab headlines, the coalition never raised any serious money to fight Californians for An Open Primary, the group in support of Prop. 198. Even had the CCFE raised a modest war chest, polling showed 198 an easy winner. So the Press & Herrington strategy of fighting the initiative in the courts proved to be correct way to go...

...The **big loser** in this drill were the moderate Republicans, the designers of 198. Press called 198 *Campbell's Revenge* – for U.S. Rep. Tom Campbell(R-San Jose), who came to the rescue by getting the late David Packard to contribute big bucks to help the 198 qualification effort. And for those who don't think that 198 was aimed at bashing hardline conservatives, especially in down ballot races, guess again. That's what 198 was all about. The stuff about opening the process to hike voter turnout sounds great, but that was just window dressing. And this is why the leadership of the CRP, which is very conservative, has never been crazy about 198. The Demos, with the exceptions of Gov. Gray Davis and State Sen. Steve Peace, didn't especially like it either because it tended to damage an already weak political party structure in Calif. But the Demos were not as hostile as the GOP toward 198 because it never impacted them as much...

...So what's next? Peace has stripped SB 28 and is preparing language which will allow decline-to-state voters (more than 2 million) to participate in the primaries of the various political parties – IF the parties will allow it. That's a big IF and there are lots of details which need to be taken care of. But such a bill would pass muster with the Supreme Court (Tashjian vs. Republican Party of Connecticut – 1986) and Peace has already won support for this concept from Gov. Davis, as well as from CDP Chair Art Torres. And Calif. Sec. of State Bill Jones(R) seems receptive too, but our sources think it's doubtful the CRP will go along. They're just more comfortable with a closed primary. Stay tuned...

CAMPAIGN 2000: NEW POLL IN U.S. SENATE RACE.

Editor's note: The newest survey by Calif. pollster Mervin Field shows Demo incumbent U.S. Sen. Dianne Feinstein just bashing the daylights out of her GOP rival, U.S. Rep. Tom Campbell of San Jose. Here's our update & analysis...

...DiFi holds a 26-point lead over Campbell in the new Field Poll: **58% vs. 32%**, with 10% undecided. This survey was taken June 9-18, among 642 likely voters. In late February, DiFi held a 20-point lead, 55% to 35%, with 10% undecided. Yes, it's still very early, but even some private polls (which Calpeek has reported) shows the incumbent senator with a healthy double-digit lead over the moderate congressman. And DiFi leads Campbell in just about every category covered in the survey: by region, gender, age and race. And among GOP voters, DiFi is pulling **27%** vs. Campbell getting only **9%** of the Demo vote...

...Of course everyone knows the race will tighten up as the election moves from summer to fall. Still, this kind of lead isn't good news for Campbell at this particular time, when he's trying to put together a political war chest so that he can compete with DiFi on television. And while these numbers may not cause DiFi too many sleepless nights, there is a downside for her too: she'll probably encounter some fundraising problems too, as contributors will tell her that there are other races much closer than her battle with Campbell and she's got this race all locked up. That's not what DiFi wants to hear. Stay tuned...

CAMPAIGN 2000: UPDATE ON U.S. HOUSE CONTESTS.

Editor's note: Here are some updates on U.S. House races here in Calif...

☒ **21st CD** – U.S. Rep. Bill Thomas(R-Bakersfield) is getting lots of negative press – thanks to *The Bakersfield Californian* and reporters Vic Pollard and Steven Mayer. So far 3 stories have been written about Thomas and his “intensely personal relationship”(quote from the paper) with HMO lobbyist Deborah Steelman. The story about Thomas & Steelman broke in the June 25th edition of the paper and makes for great reading. Because Thomas is chair of the Ways & Means Subcommittee on Health, now dealing with Medicare reform, HMOs, and prescription drug benefits, the *Californian* got quotes from ethics and consumer watchdog groups who claim the relationship between the congressman and lobbyist raises “serious conflict of interest questions.” Both Thomas and Steelman are married to other persons and according to the *Californian's* 6/27/00 story, Thomas in his response to the paper never directly addressed the issue of an inappropriate relationship with Steelman. It's very titillating, but don't look for Demo businessman Pete Martinez Jr.

or Libertarian math professor James Manion to pull an upset this November. But if this story gets any juicier (a la *The Flint Report*), Thomas could end up with a serious GOP primary challenge in 2002. Thomas is a guy that Kern County conservatives love to hate...

☒ **27th CD Update** – U.S. Rep. Jim Rogan(R-Glendale) and his campaign mgr., Jason Roe, are in a world of hurt, as story after story go after both for Roe's verbal attack on L.A. Muslim leader Salam Al-Marayati. Al-Marayati, along with local Christian religious leaders, hosted June 18th forum at which Rogan's Demo rival, State Sen. Adam Schiff, attended (so did L.A. Co. DA Gil Garcetti). Rogan was invited to the forum (role of alcohol in crime), but declined - and here is where Roe got into trouble. In going after Schiff, Roe said Salam Al-Marayati, who is the well respected executive director of the Muslim Public Affairs Council, "seems to be an apologist for Muslim terrorists." Al-Marayati called the allegations "an absolute outrage." Parke Skelton, Schiff's campaign consultant, called Roe's statement "preposterous." Rogan initially defended his campaign manager, but eventually both the congressman and Roe issued an apology. Regardless, the negative stories in the L.A. Times, Pasadena Star News and Glendale News-Press have hurt Rogan. And here's what's really crazy: Rogan and Al-Marayati have participated in a number of events together and Al-Marayati has been to at least two political fundraisers for Rogan in the past. Very strange...

☒ **New Poll in 22nd CD** – Not so new now, but this small survey of 300 likely voters (May 31st) shows GOP challenger Mike Stoker to be within 8 points of incumbent U.S. Rep. Lois Capps(D-Santa Barbara). In the primary, Capps mashed Stoker by 17 points and ended up with 55%. The Stoker poll was done by Wilson Research Strategies. This same poll shows Bush leading Gore in the 22nd CD by a 51.7% to 30.7% margin...

☒ **24th CD Update** – Short announcement. Savvy GOP political strategist Ken Khachigian has joined actor Jerry Doyle's campaign as Honorary Chair. Doyle is in an uphill battle against U.S. Rep. Brad Sherman(D-Sherman Oaks)...

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DOG DAYS OF SUMMER: POLITICAL SHORT TAKES.

Editor's note: Here are a few items, political & otherwise, worth noting...

■ **Term Limit Reform Goes Plop** – ACA 2, which was intended to raise legislative terms limits to 12 years in both the Assembly and State Senate, failed miserably to come anywhere close to getting 54 votes in the Assembly. A 2/3rds vote was needed to place ACA 2 on the Nov. 7th ballot. Instead, the constitutional amendment by Lou Papan(D-Millbrae) got only 32 YES vs. 28 NO votes...

■ **24th SD Special Election** – There will be a vacancy in State Senate's 24th District next year when current Sen. Hilda Solis(D) goes to congress. With her official announcement June 26th, Demo Assemblywoman Gloria Romero of Monterey Park becomes the 3rd candidate to run in this upcoming special. Romero's Demo assembly colleague, Martin Gallegos of Baldwin Park, also is running, as is La Puente Councilwoman Sally Holguin Fallon. And probably throw former Demo Assemblywoman Diane Martinez into the mix as well. This special will be fun to watch...

■ **Supreme Court on Abortion** – Depending how one looks at it, the U.S. Supreme Court on June 28th ruled 5-4 to overturn Nebraska's law banning partial birth abortions. Abortion opponents will now re-double their efforts as a result of this ruling. For abortion supporters, it's got to be a mixed message: on the one hand they have to be thrilled that *Roe v. Wade* remains in place. But had the court ruled the other way, it would have sent a massive wake up call to millions of women voters, who for now seem to be asleep in *Campaign 2000*...

CALPEEK'S NEW JOBS AND PERSONNEL NOTICES.

Editor's note: Here are some items to mark down in your notebook...

● Patricia Ewing, former Sr. advisor to the DNC and deputy COS to VP Al Gore, has joined Sacto-based Political Technologies, Inc...

● Savvy GOP spindoctor/consultant Leslie Goodman has been named communications director and spokesperson for the 2000 RNC presidential convention in Philadelphia...

● Fabian Nunez, the L.A. Co. Federation of Labor's political director, has been hired by the LAUSD to head the school district's government relations department...